

Message Text

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C O N F I D E N T I A L STATE 046488

E.O. 11652: GDS

TAGS: EAIR, OVIP, GB, US

SUBJECT:MTG WITH GABONESE MINISTERIAL DELEGATION AND
EX-IM BANK OFFICIALS

1. GABONESE MINISTERIAL DELEGATION LED BY FINANCE
MINISTER OKINDA MET ON MARCH 1 FOR OVER AN HOUR WITH
EX-IM BANK PRESIDENT DUBRUL AND MEMBERS OF HIS STAFF
TO DISCUSS PROPOSED PURCHASE OF BOEING AIRCRAFT.
WHILE DUBRUL INDICATED HE AND COLLEAGUES HAD SOME
PROBLEMS WITH THE PROPOSAL ON BOTH TECHNICAL AND
FINANCIAL GROUNDS, HE SAID THAT EX-IM WOULD NOW ACCELERATE
ITS EXAMINATION OF PROPOSITION AND WOULD TRY
TO REACH A DECISION AT BOARD MEETING WITHIN ABOUT A WEEK.

2. MINISTER OKINDA WAS ACCOMPANIED BY MINISTERS MAYILA
AND NTOUTOUME, DIRECTOR AT THE PRESIDENCY OMBOOMA AND
AIR GABON DIRECTOR GENERAL KASSA MAPSI . BOEING
WAS ALSO PRESENT WITH ITS TREASURER JACK PIERCE, SALESMAN
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JEAN PAUL MAUGER AND FINANCIAL REPRESENTATIVE DON MCKINSEY.
WHILE MAYILA WAS MAIN SPOKESMAN ON THE GABONESE SIDE,
MUCH OF THE DISCUSSION INVOLVED TECHNICAL AND FINANCIAL
DETAILS BETWEEN BOEING AND EX-IM REPRESENTATIVES.

3. DUBRUL EMPHASIZED IN HIS OPENING AND CLOSING REMARKS
THAT EX-IM WAS NOT HEAVILY INVOLVED IN GABON BUT

WANTED TO DO MORE. HE STRESSED HIS DESIRE TO APPROACH THE GABONESE LOAN REQUEST IN A CONSTRUCTIVE MANNER AND SAID IN CONCLUSION THAT HE HOPED THAT A MUTUALLY SATISFACTORY SOLUTION COULD BE FOUND. MEANWHILE, THE EFFECT OF THE VISIT BY GABONESE MINISTERIAL DELEGATION WAS, DUBRUL SAID, TO ACCELERATE EX-IM'S INTERNAL CONSIDERATION OF BOEING PROPOSAL.

4. BULK OF QUESTIONS POSED BY EX-IM REPRESENTATIVES WERE OF TECHNICAL NATURE WITH EX-IM MAKING IT QUITE CLEAR THAT IT HAD RESERVATIONS ABOUT THE WISDOM OF STARTING UP A NEW INTERNATIONAL OPERATION WITH A PLANE OF 747 SIZE AND COST. BOEING AND MAYILA EXPLAINED IN DETAIL THAT IF AIR GABON DID NOT PURCHASE 747 COMBI, IT WOULD NEED TO PURCHASE THREE 707S, TWO FOR PASSENGERS AND ONE FOR CARGO. SUCH A SOLUTION WAS INEFFICIENT SINCE IT MEANT THAT THE PLANES WOULD FLY HALF EMPTY ONE WAY AND COULD NOT COMPETE EFFECTIVELY WITH WIDE-BODY AIRCRAFT OF UTA AND AIR AFRIQUE COMPETITORS. IT WAS ALSO EASIER TO OBTAIN LANDING RIGHTS FOR ONE AS OPPOSED TO SEVERAL PLANES IN WHAT IS ESSENTIALLY CARTEL SITUATION IN EUROPE. BOEING REPS STRESSED THAT AIR GABON HAS BEEN IN EXISTENCE FOR A LONG TIME AND THAT AIR FRANCE WILL IN EFFECT BE MANAGING OPERATION OF THE 747 OVER NEXT TWO YEARS, ENSURING IT WILL BE PROPERLY MAINTAINED AND OPERATE ON SCHEDULE. MAYILA AND BOEING ARGUED AGAINST SUGGESTION BY EX-IM THAT AIR GABON EXTEND ITS PROPOSED LEASE OF MIDDLE-EAST AIRLINES 747 FROM 9 MONTHS TO PERHAPS 3 YEARS ON THE GROUNDS THAT IT

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WOULD BE ECONOMICALLY COSTLY AND UNWISE TO DEPEND ON LASE OF VERY POPULAR 747 FOR THIS PERIOD.

5. DUBRUL COMMENTED AT ONE POINT THAT BASIC CRITERIA FOR EXTENDING LOAN SHOULD BE TECHNICAL ONE OF AIR LINE EFFICIENCY BUT IT WAS CLEAR FROM NUMBER OF COMMENTS THAT THE QUESTION OF GABON'S HEAVY DEBT EXPOSURE WAS VERY BASIC IF NOT PRIMARY CONSIDERATION IN EXTENDING A LOAN. SENSING THIS, MIN. OKINDA SPOKE AT SOME LENGTH ABOUT GABON'S DETERMINATION NOT TO SEEK ANY MORE SHORT TERM LOANS AND PLANS TO TRY TO EXTEND THE PERIOD OVER WHICH ITS ESTIMATED ONE BILLION DOLLAR DEBT WOULD NEED TO BE PAID OFF. BEFORE THE MEETING, PIERCE TOLD AF/C DIRECTOR BUCHANAN THAT MEETING THE PREVIOUS DAY WITH CITIBANK OF NEW YORK HAD GONE VERY WELL WITH THE GABONESE PROVIDING MUCH OF THE INFORMATION WHICH CITIBANK REQUIRES TO REASSURE ITSELF REGARDING GABON'S

CREDIT WORTHINESS. EX-IM AND CITIBANK ARE IN CONTACT

AND IT WAS AGREED AT EX-IM THAT THE TWO BANKS WILL
EXCHANGE INFORMATION ON GABON'S FINANCIAL SITUATION.

6. MINISTERS MAYILA AND OKINDA BOTH SEEMED PLEASANTLY
SURPRISED BY RECEPTION AT EX-IM AND REMARKED THAT
THEY WERE FULLY SATISFIED WITH FACT THAT EX-IM NEEDS
TO STUDY GABONESE PROPOSAL SOMEWHAT FURTHER. AT AN
EARLIER MEETING WITH ASSISTANT SECRETARY SCHAUFLE
AND LUNCHEON HOSTED BY AF/C DIRECTOR, GABONESE WERE
ENCOURAGED TO EXPECT MUCH TOUGHER LINE OF QUESTIONING
AND RESPONSE FROM DUBRUL THAN IN FACT DEVELOPED. TO
PUNCTURE ANY EXCESSIVE EUPHORIA AF/C DIRECTOR WARNED
THE GABONESE NOT TO BE OVERLY ENCOURAGED FROM DEBRULL'S
POLITE MANNER. IN CONCLUSION, GABONESE EXPRESSED
THEIR WARM APPRECIATION FOR THE ASSISTANCE PROVIDED
BY THE EMBASSY AND DEPARTMENT IN CONNECTION WITH THIS
PROJECT.

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